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Reform Club

(New York, N.Y.)

Annual report of the Sound
Currency Committee...

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No 5

ANNUAL REPORT

OF THE

Sound Currency Committee

OF THE

1897-1898 - REFORM CLUB

FOR

1898.

REFORM CLUB.

COMMITTEE ON SOUND CURRENCY.

CHARLES S. FAIRCCHILD, <i>Chairman.</i>		L. CARROLL ROOT, <i>Secretary.</i>	
E. ELLERY ANDERSON,	CHARLES C. JACKSON,	HENRY S. ROBBINS,	WILLIAM L. TRENHOLM,
HENRY DE F. BALDWIN,	WALLACE MACFARLANE,	LAWRENCE E. SEXTON,	JOHN DEWITT WARNER,
CHARLES DIGGS,	ROBERT GRIS MONROE,	JAMES SPEYER,	EVERETT P. WHEELER,
WILLIAM J. COOMES,	HENRY L. NELSON,	HENRY B. B. STAPLER,	HORACE WHITE,
WILLIAM O. CORNWELL,	WILLIAM S. OPDYKE,	ISIDOR STRAUS,	EDMUND S. WHITMAN,
A. AUGUSTUS HEALY,	FRED. PERRY POWERS,	CALVIN TOMEINS,	LOUIS WINDMULLER.
HENRY HENTZ,			

EXECUTIVE COMMITTEE:

LAWRENCE E. SEXTON, <i>Chairman.</i>	L. CARROLL ROOT, <i>Secretary</i>
CHARLES DIGGS,	CALVIN TOMEINS,
CHARLES S. FAIRCCHILD,	JOHN DEWITT WARNER
WALLACE MACFARLANE,	HENRY L. NELSON,
	FRED. PERRY POWERS,
	HENRY B. B. STAPLER.

New York, Dec. 5, 1898.

Annual Report of the Committee on Sound Currency.

To the Reform Club:

Your Committee on Sound Currency submits the following report for the year ending November 30, 1898:

Early in the year now closing and as a result of the last Presidential campaign there were numerous and widespread demands for some affirmative reforms in our coinage and currency laws, and organized efforts were made or continued, by others as well as by ourselves, to secure such reforms. The most important of these organized efforts was that of the Commission appointed through the so-called Indianapolis monetary convention, which, after long and careful consideration of the subject, made in January, 1898, an elaborate report. This report, in its entirety and in parts, has been widely circulated by the Commission, and we have reprinted and circulated, through our own publications, important abstracts and portions.

Other special and important efforts consisted of the drafting and introduction and pressure in Congress of various bills, such as the Walker, Fowler, Gage, Overstreet (or Commission), and McCleary bills, and other measures.

With the reassembling of Congress and as the various questions raised by the recent war shall become more settled, renewed interest may be looked for, upon the part of the press and the public, in questions affecting a reform of our monetary laws.

The free silver issue, ignored in the Democratic platforms of some important States and suppressed so far as possible in the recent campaigns in such States, has perceptibly waned, and popular confidence in the financial integrity of our people and its government has been in a measure restored; but the advocates of fiat money, of which the free coinage of silver at 16-to-1 is but a single phase, are no less earnest or active now than they were before. The form of the issue is gradually changing from "Free Silver" to "Government Money"; but it is the same old fight for fiat money, and it is not at all improbable that the next Presidential campaign will be mainly, if not entirely, fought on this issue.

The Republican party, though committed by its last national platform to sound currency views, has shown (in permitting coinage of the seigniorage, and its failure thus far to secure or to press the passage by Congress of suitable measures of reform) a dangerous tendency to make concessions to the advocates of fiat money and to abandon those to whose support in the last campaign it is indebted for the

success of its candidates at the polls. That these tendencies are fraught with danger to the business security and prosperity of the country cannot be concealed.

For these reasons it seems to be of the utmost importance that no efforts should be relaxed to press upon the people of this country and upon their representatives the importance of our work, and to secure, before the next Presidential campaign, such reforms in our coinage and currency laws as will relieve our people from the danger and disaster of unsound laws and of another campaign such as the last.

The details of the work done by the Committee during the year just closed are given under the following heads:

I. "SOUND CURRENCY" SERIES.

The publication of SOUND CURRENCY has been continued throughout the year, as follows:

	VOLUME V.	No. printed.
1. REPORT OF THE MONETARY COMMISSION.	16 pp.	12,500
2. TRUE METALLISM.	Laura R. White. 8 pp.	13,500
3. THE MONETARY COMMISSION AND ITS WORK.	C. S. Fairchild. 8 pp.	12,500
4. SOUTH CAROLINA'S FIRST PAPER MONEY.	16 pp.	12,500
5. NEW YORK'S COLONIAL CURRENCY.	Horace White. 16 pp.	12,500
6. THE APPRECIATION OF GOLD (Revised).	Francis E. Nipher. 16 pp.	17,500
7. CONTINENTAL CURRENCY.	Byron W. Holt. 32 pp.	12,500
8. GEORGE SMITH'S MONEY.	8 pp.	12,500
9. BANKS OF ISSUE IN ILLINOIS.	Charles H. Garnett. 24 pp.	12,500
10. BANK-NOTE REDEMPTION.	Monetary Commission. 16 pp.	10,000
11. A PLEA FOR THE CONSTITUTION OF THE U. S. A., WOUNDED IN THE HOUSE OF ITS GUARDIANS.	George Bancroft. 16 pp.	10,000
12. REPORT OF BANKING AND CURRENCY COMMITTEE.	June 15, 1898. 32 pp.	10,000
13. DEBASEMENTS OF THE COINAGE.	Fred. Perry Powers. 16 pp.	10,000
14. CURRENCY FACILITIES OF CITY AND COUNTRY EQUALIZED.	Monetary Commission. 16 pp.	20,000
15. CURRENCY SYSTEM OF SPAIN.	L. Carroll Root. 16 pp.	10,000
16. THE STATE BANK OF INDIANA.	William F. Harding. 32 pp.	10,000
17. THE "MCLEARY BILL" FOR CURRENCY REFORM.	16 pp.	10,000
18. LEGAL TENDER AS A FACTOR IN MONEY.	Edward Atkinson. 8 pp.	10,000
19. EARLY BANKS OF ISSUE IN WISCONSIN.	L. Carroll Root. 16 pp.	10,000
20. THE DEMAND NOTES OF 1861.	R. M. Breckenridge. 16 pp.	10,000
21. THE IMPERIAL BANK OF GERMANY.	L. Carroll Root. 8 pp.	10,000
22. APPRECIATION AND INTEREST.	Byron W. Holt. (In press.)	
23. THE SOUTHERN FARMER AND BANKING REFORM.	M. E. Hammond. (In press.)	
24. ANNUAL REPORT SOUND CURRENCY COMMITTEE, 1898.	(In press.)	

It has also been found necessary to reprint small editions of a number of pamphlets published in previous years. The aggregate number so reprinted is 3,000.

It is encouraging to report that, although public attention during the latter portion of the past year has been very largely taken up with questions affecting our foreign relations, yet there has been ample evidence of a continued, though quiet, interest in the subjects treated in SOUND CURRENCY. The subscription list, while barely holding its own among general readers, has been steadily increasing among economists and special students of economic questions. The publications of the Committee are still being largely used in college class-room work.

The publications of the Committee have already covered the field so fully, that it seems unnecessary to continue to issue SOUND CURRENCY as frequently as heretofore. For the immediate future, therefore, it will appear at monthly intervals.

II. SUPPLY BUREAU.

Though the diversion of public attention to other questions during the past year has naturally resulted in lessened activity in this department, every effort has been made to keep it up to its previous high standard, and to enable all who are interested in such matters to obtain promptly books and pamphlets on every phase of the money question. To this end two editions of a price catalogue of more than 200 of the more important works carried in stock and on sale have been issued. This catalogue has been sent to those most likely to be interested.

III. RED BOOK.

It has not been deemed necessary or advisable yet to issue another "RED BOOK." There has, however, been a good demand for the two editions heretofore issued. The book is now to be found in most of the leading libraries of the country, and is much used as a book of reference and authority in Congressional work.

IV. COMMITTEE LIBRARY.

Many books and pamphlets have been added to the library of the Committee, by purchase and otherwise, during the year, and it is believed to be one of the most complete and best arranged working libraries on the subjects to which it relates to be found in this country or elsewhere—now including 1,300 bound volumes and some 2,000 pamphlets. In addition to the cataloguing of books added to the library during the year, a very large collection of valuable pamphlets has been systematically classified and catalogued.

The library is frequently used for purposes of investigation and original research by members of the Club and by others.

V. CAMPAIGN WORK.

Owing to lack of sufficient funds to enable us to carry on campaign work through the newspapers and public speakers—which, in order to be economical and effective, must be done on a comparatively large scale—this year's work of the Committee in this field has been limited mainly to the distribution during the recent campaign of available popular literature in Congressional districts where the Committee thought it would produce the best results.

VI. PLANS FOR FUTURE WORK.

The Committee has adopted the following platform:

"Gold has become, by the concurring habits of men, the standard by which values are measured and the balances arising from business transactions settled; therefore, our Government, for the convenience and protection of its citizens, should by law firmly plant the currency of the country upon the standard thus evolved.

Opposed to all fiat money, we urge the retirement of all legal tender notes presented for redemption.

We consider it essential that this reform should be accompanied by liberal provision for the issue of bank notes, under suitable safeguards, against general commercial assets, thus providing for a convenient and economical currency in each locality based upon its own business and expanding and contracting with its legitimate demands."

The particular lines along which we propose to continue our work of education are as follows:

1. *Opposition to the principle of fiat money—whether exhibited by acquiescence*

in the retention in our currency system of the present legal-tender "greenbacks" and Treasury notes, or in a proposition to create additional legal-tender paper of any kind, or a proposal to use the power of legal tender to debase our present standard by the free coinage of silver.

2. *Retirement of the Greenbacks and Treasury Notes.* Experience has demonstrated that even apart from the danger that they may again lead to a debasement of the standard—as in 1862-79—they are a menace to the Treasury and to business. They should, therefore, be retired and cancelled as fast as they are presented for redemption.

3. *The Issue of Bank Notes Against General Commercial Assets.* Coincident with the retirement of the greenbacks, ample facilities should be afforded for supplying to each community a safe and elastic paper currency based upon its local business assets.

By means of guaranty funds contributed by issuing banks, by priority of lien, by individual liability of shareholders, and in other ways, the security of every note can be secured, and greater utility thus given to this medium of exchange.

4. *Opposition to the Requirement of Bond-Security for Bank Notes.* This requirement, as shown in our national banking system to-day, results in a rigid and inelastic currency which utterly fails to meet the needs of business. It makes the issue of bank notes least profitable (and therefore least probable) wherever rates of interest are highest, and the demand for currency most urgent. It locks up capital. In rural communities, especially, it necessitates sending from home, in order to buy bonds, large amounts of money that would otherwise be loaned to local borrowers. By thus restricting the means with which to make local loans, it raises the rate of interest which local borrowers must pay.

5. *Free Banking.* Effectually to eliminate all monopoly privileges, the establishment of banks under the liberal system suggested must be left free, subject to such provision as shall limit the currency which they may issue to the natural needs of their general business. Competition of capital will then keep down profits of banking to the general level of profits, and each community will by this competition secure the benefit of the lowest possible interest rates.

6. *Equalization of Currency Facilities of City and Country.* Our present banking laws have, very properly, left our commercial interests free to develop, with little obstruction and small cost, a great system of bank currency suited to their convenience—namely, bank deposits. Meanwhile the rural communities, which make a larger use of bills as distinguished from a system of deposits and checks, have been seriously hampered, by taxation and restrictions, in the development of the form of currency suited to their business habits. It is only justice to give note-using communities facilities commensurate with the advantages already enjoyed by check-and-deposit-using communities to create and use the currency which they find most convenient. Similar considerations demand the repeal of the present circulation tax—falling as it does upon the medium of exchange used more largely by rural communities.

7. *Branch Banks.* The present restrictions upon the establishment of branch banks should be repealed. In no other way can the distribution of loanable capital throughout the country be so much promoted. Greater equalization of interest rates would result.

VII. FINANCIAL STATEMENT.

The Committee commenced its fiscal year, December 1, 1897, with a general balance of \$109.54. Subscriptions received and paid during the year have amounted to \$12,241. The number of separate subscriptions was 292—the average subscription being \$41.92. The disbursements to date have been \$11,618.07—leaving a balance of

\$732.47 now on hand in the general fund. An itemized statement of disbursements follows:

DISBURSEMENTS OF SOUND CURRENCY COMMITTEE, DEC. 1, 1897, TO NOV. 30, 1898.	
Office Organization, salaries, editorial services, etc.,	\$5,448.02
Office Rent,	1,069.76
Printing SOUND CURRENCY,	2,376.19
Library,	586.01
Postage,	384.33
Delivery (in city),	232.74
Expressage,	92.45
Cartage,	98.02
General Printing,	163.73
Office Stationery,	254.87
Manila Envelopes,	189.02
Supply Bureau,	163.37
Telephone, Telegraph and Messenger,	85.42
Care of Office, Light, etc.,	119.24
Addressing (outside office),	113.46
Sundries,	
Total,	\$11,618.07

All of which is respectfully submitted.

THE SOUND CURRENCY COMMITTEE.

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